

NOW IS THE RIGHT TIME! ARE YOU READY WITH THE RIGHT PROJECT?

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Today's environment for successful entry into the family entertainment center (FEC) industry is probably the best it will be. At the present time the cost of land is very low, there are large retail buildings standing vacant, many investors are still nervous about investing in the stock market, contractors and vendors are tightening their belts, resulting in better prices for the FEC developer. The chances for succeeding with a well planned project are better than ever. Waiting too long may result in higher land costs, money costs and equipment and construction costs; all of which will have a significant impact on future revenues.

The time is right only if your project is right and you are ready to take the next step. Being certain you are making the right decision is always on a person's mind when deciding to invest what may well be your life's savings. In today's economy the confusion can be more daunting than ever. An important thing to keep in mind when making the decision is that the family entertainment center (FEC) industry has not been impacted as greatly as have many other industries, other than the large destination attractions that require significant outlays in terms of travel and lodging as part of the overall entertainment experience. People may give up trips to destination resorts or theme parks because of the overall cost impact on their budgets, but this doesn't mean that they are forsaking family outings completely. Over the past four years, local family entertainment venues around the country have done very well with numbers experiencing records earnings.

Don't be distracted by individual failures. You will always see new ventures fail. This is true in almost every type of business. The individual entrepreneur's concept may have been rock solid, but the approach they took completely wrong. Some proceeded on the basis of their own gut feeling that their concept could not fail or they fell victim to consultants and vendors that did not have the expertise or their client's best interests at heart. Many may have failed to effectively review the realities of cost vs. return, including the commitment of time and effort required or the total funding required to create a successful project.

This writer feels that the market has many possibilities for success, providing the people entering the industry do so intelligently. To assist in getting off to a good start, this article will seek to present many of the elements individuals need to address in creating, building and operating a successful family entertainment facility.

The most important thing to remember is **"failing to plan is planning to fail"**. This is by far the greatest reason for individual projects failing.

Is your Concept realistic in terms of potential success?

First and foremost, remember, you are not your guest! Too many facilities have become "roadkill" before they even got started. Why? Because the entrepreneur that created the facility had in his/her mind that what they liked was what the market wanted. Maybe yes, maybe no. Those that barged ahead without becoming familiar with what their target market consisted of and what it wanted; often missed the mark completely.

Don't fail to investigate the target community in terms of what it has and what it wants. Identify the strong points of its recreational and entertainment venues. Involve professionals in determining the size of your market, the types of attractions that can be successful, their relative ability to generate revenues

and a realistic evaluation of whether or not their use in your situation will be profitable. Failure to do so can result in saving pennies and losing dollars. It's your money and future; don't handicap your potential by saving money up front and failing down the road. Good counsel will always save you money in the long run.

Remember, no one is an expert in all things. This is especially true in terms of developing a successful family entertainment center or similar facility. The family entertainment industry is unique in many ways. While you may have local "experts" that can assist in many facets of your project, such as real estate, financing and legal, it is unlikely there will be local experts in the family entertainment industry.

Planning, zoning and engineering professionals in your local government can advise you on a wide range of zoning, traffic and drainage issues. They do not have the expertise to advise you with respect to which attractions to include, how large a facility to develop or the adaptability of existing buildings to your needs. Neither do local architects or engineers, unless they have been active in the entertainment industry. Unfortunately most feel they are fully qualified.

You will be far better served to find consultants with a long history in the study and development of successful family entertainment facilities. This includes development of concepts, feasibility studies, business plans and final design of your proposed facilities.

Local legal, financial, real estate and civil engineering consultants are certainly important members of a project's ultimate team, but without having the correct industry specific expertise and counsel, you will be starting at a big disadvantage in terms of creating the correct project.

Bankers, lawyers and real estate professionals can all be of value when used properly. Know each one's abilities and/or lack of familiarity with the various issues involved. A point to keep in mind is that few will have any meaningful experience with your proposed industry.

In some situations the relative potential for success can be determined without performing detailed feasibility studies and business plans. This can be true of both successful and unsuccessful concepts. Experienced industry consultants can often identify businesses with no chance for success without added research. The same can be said for those concepts that have a high potential for success.

There will come a time in most situations where a feasibility study and/or business plan will be needed to convince banks or private investor that your project is indeed a sound investment.

The benefits of working with someone familiar with the industry come in many ways. These include developing a concept that can actually be successful, placing it in the right location, right sizing in terms of attractions, facilities and financing and gaining a realistic image of what you face in bringing your dreams to a successful reality and avoiding nightmares.

Are you personally committed to the effort your concept will require?

Have you considered the time and effort required to move from dreams to reality? Do you have the commitment to carry through on the formulation and molding of your concept into one that will appeal to your marketplace is funded up front sufficiently to develop, construct and operate your facility until generated revenues carry the project? If you don't have the commitment, please stop before you fail.

Is there a sufficient target market to provide a profitable return?

You may have a great concept that will be welcomed with open arms by the local community, but unless there is a sufficient population base to provide the attendance and financial returns required to turn a profit you will be destined to fail. This has been a common occurrence when someone created a single attraction that appealed to a narrow age demographic and the market was too small.

In many situations, expanding the attraction mix to increase the age range appeal, increasing the average time of stay and related increase in acceptable travel time to the facility, have resulted in changing from unfeasible to feasible.

Consider your target market's existing competition.

There may be a similar facility targeting the same age demographic you plan to attract. In some cases this could be a reason to look elsewhere, while in other situations the fact that a similar concept has already proven successful offers you the opportunity to create a "better mousetrap," so to speak. You have the opportunity to develop a more modern, entertaining and appealing facility with better, more modern attractions and amenities. A lot will depend on the total available market and how you approach it.

Have you located a suitable site, size wise, location wise and price wise?

Do not purchase a site and/or building just because it has a low price. There are many reasons why it may be low. No one else has seen fit to purchase the property. Try to find out why if you can. The following reasons may well have enough of an impact to prevent your having the opportunity to become successful.

- Site located in a rundown or in an unsavory neighborhood
- Property has wrong zoning
- Access from adjacent street may be difficult because of existing traffic or raised medians
- Site is difficult to reach from other nearby communities
- Site configuration not conducive to being effectively developed for your concept
- Building layout not conducive for your planned use because of shape, walls, columns, etc.
- Building too rundown or contains too many code violations
- Floodway, floodplain or other negative environmental issues
- No room for expansion
- Insufficient parking for proposed use and no space on which to create more parking

Don't make any decisions until you have looked at other potential sites and weighed out the consequences should you select any building or site.

Go through the same consideration process if you already own the space on which you propose to create your facility. If you can't address the immediate and future needs of your proposed concept within your existing site, you should seriously consider relocation to a new site or possibly downsizing your plan. While both options may be viable, this decision is one you must consider very carefully.

When contracting to purchase or lease a site, make certain your purchase agreement or order is contingent on your being able to create your facility in accordance with all local codes and ordinances and that you have obtained the required approvals to assure that you can proceed to success. Should this not occur, the agreement should become null and void.

Can your Concept be created within a realistic budget?

It is not possible to realistically develop and operate a successful FEC without having sound, effective budget. This is a hard question to answer unless you have a realistic understanding of the initial and operating costs balanced against realistic earnings projections. A realistic budget is one that has been developed utilizing data that represents the actual costs of obtaining the land and building, site improvements, adding the desired attractions, salary costs, utilities, supplies, taxes, insurance, debt service, marketing, replacement costs and related elements applicable to your specific project.

When you have developed your budget, compare it with your projected earnings to determine whether your project has the potential to be successful. If not, carefully review both your projected revenues and your projected operating costs to see whether you can make changes in your concept that will make the project successful. Often, the removal of an individual attraction may well change the overall dynamics of the project.

Don't be afraid to question your advisors recommendations!

There are times when your decision to move ahead may not be in complete agreement with the recommendations of your various "experts" (concept, real estate, legal and financial consultants). Remember, no one walks on water unless it is mighty cold. Once you have all the information and recommendations of your team, you must still ultimately be the final decision maker. The important thing to remember is to make an informed decision. Know the pluses and minuses of the various decisions you must make. When all is said and done, the single most important component of your success is you.

Peter is president of Entertainment Concepts, Inc. (formerly Peter F. Olesen and Associates, Inc.). He is a licensed professional engineer in numerous states. He founded the firm in 1984 and in the ensuing years has been responsible for the development of more than 410 separate family entertainment industry projects located in 41 States, Angola, Brunei, Canada (Alberta, British Columbia, Ontario and Quebec), Cuba (Guantanamo Bay), Kazakhstan, Mexico, Puerto Rico and Saudi Arabia. These projects have spanned initial concepts, feasibility studies, assistance in developing business plans, final design and preparation of contract plans and specifications, construction layout and related services for both new projects and existing facility renovations and modifications.

He has made presentations at a wide range of industry seminars, including the annual International Associations of Amusement Parks and Attractions annual Attractions Expo, Fun Expo, Leisure Expo, Kart Expo, The State of Ohio bi-annual Kart Safety Seminars and 25 sessions of Foundations Entertainment University Seminars. He also has been a member and active participant in many engineering and entertainment industry associations.

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